

Balmoral interims in line with trading outlook

Balmoral International Land plc has released its interim results for the six months to 30 June 2011.

Key Points:

- **Summary of movements in net assets:**

	6 months to 30 June 2011 €m	6 months to 30 June 2010 €m
Net rental income	5.8	6.8
Finance costs (excluding foreign exchange)	(2.3)	(3.2)
Administration costs	<u>(1.9)</u>	<u>(2.0)</u>
Net operating income	1.6	1.6
Fair value adjustments:		
Wholly/majority owned property	(6.1)	(6.4)
Equity accounted investees	(0.4)	(0.7)
Translation effect of foreign exchange (net)	1.5	(2.4)
Income tax	<u>-</u>	<u>1.4</u>
Movement in net assets	<u>(3.4)</u>	<u>(6.5)</u>

- Net assets per share at the half year were €0.0453 compared to €0.0514 at 31 December 2010. This outcome is in line with the company's outlook statement issued with the EGM circular on 2 August 2011.

Commenting on the results, Balmoral International Land plc chairman, Carl McCann, said:

"Despite some signs of a recovery in activity in some market segments and geographies toward the end of 2010, the first six months of 2011 continued to be challenging for the property sector. Further declines in values were recorded in Ireland, though these were partially offset by some improvements in the UK and a generally unchanged position on the Continent."

Balmoral International Land plc
31 August 2011

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Balmoral International Land plc

Interim results to 30 June 2011

Developments since December 2010

- During the first six months of 2011, Balmoral agreed and/or completed a number of new leases and lease extensions on several of its properties in various locations including Livingston in Scotland, Milton Keynes in England, Brussels in Belgium and Amsterdam in The Netherlands.
- Also in the first half, Balmoral negotiated the conditional sale of a development site at New Liston, near Edinburgh, subject to planning permission.
- Good progress was made during the period on a number of the Group's medium term development prospects, particularly in Scotland.
- In July, the Group announced the successful negotiation of a two year extension of its borrowing facility of €45.9m on its Dutch property portfolio.
- At an Extraordinary General Meeting on 25 August 2011, shareholders approved the creation of a new Group holding company, Balmoral International Land Holdings plc, and the cancellation of the company's listing on the ESM and AIM with effect from 2 September 2011.

Investment property

Total investment property assets at 30 June 2011 amounted to €199.6 million compared to €208.8 million at 31 December 2010. The movements in values were as follows:

	Ireland	UK	Continental Europe	Total
	€'m	€'m	€'m	€'m
Value at 1 January 2011	68.9	68.5	71.4	208.8
Additions	-	-	0.1	0.1
Fair value adjustments	(8.3)	2.2	-	(6.1)
Exchange rate impact on sterling-denominated properties	-	(3.2)	-	(3.2)
Value at 30 June 2011	<u>60.6</u>	<u>67.5</u>	<u>71.5</u>	<u>199.6</u>

Equity accounted investees

Total equity accounted investees at 30 June 2011 amounted to €5.3 million compared to €4.9 million at 31 December 2010. The movements in values were as follows:

	Ireland	UK	Continental Europe	Total
	€'m	€'m	€'m	€'m
Value at 1 January 2011	2.0	0.4	2.5	4.9
Investments during period	0.3	0.4	0.2	0.9
Fair value adjustments	(0.3)	-	(0.2)	(0.5)
Value at 30 June 2011	2.0	0.8	2.5	5.3

Impact of foreign exchange on movement in net assets

	€'m
Loss on translation of sterling-denominated investment properties	(3.2)
Gain on translation of sterling-denominated bank loans	4.8
Movement in other sterling-denominated assets/liabilities and trading result (net)	(0.1)
	<hr/>
Net impact of foreign exchange on net assets	1.5

These movements arise from the change in the euro : sterling exchange rate from 0.86075 at 31 December 2010 to 0.90255 at 30 June 2011.

Finance

The company remains in discussions with its principal bankers on extensions of certain of its loan facilities and anticipates reaching satisfactory conclusions on these. Based on this assumption and taking into consideration its current cash position and projected cash flows, the Group continues to anticipate that it will have sufficient funds to meet its ongoing commitments.

Financial Performance

Net rental income

Gross rental income was €7.6m (2010: €8.4m) and property outgoings were €1.8m (2010: €1.6m), resulting in a net rental income for the period of €5.8m (2010: €6.8m). The decline in net rental income reflects rent reductions on certain tenancies that were renewed or subject to review during the last twelve months.

Net property valuation

The decline in net property valuation of €9.3m (2010: €0.1m) comprised reductions in valuations of €6.1m (2010: €6.4m) and an exchange loss of (€3.2m) (2010: gain of €6.3m) on sterling-denominated assets.

Administration expenses

Administration expenses for the period were €1.9m (2010: €2.0m). The group continues to pursue savings in this area.

Share of result of equity accounted investees

The group's share of the results of its equity accounted investees in the period was (€0.4m) (2010: (€0.7m)).

Net finance income/(expense)

Net finance income for the period was €2.3m (2010: net expense €12.0m) comprising a gain on sterling denominated borrowings and other assets and liabilities of €4.6m (2010: loss of €8.8m), interest earned on cash balances during the period of €0.1m (2010: €0.2m) and interest on borrowings in the period of €2.4m (2010: (€3.4m)).

Income tax

The tax movement for the half year was nil (2010: €1.4m).

Earnings per share

Basic and diluted loss per share for the period was €0.60 cent (2010: €1.11 cent).

Shareholders' funds and net asset value per share

Shareholders' funds at 30 June 2011 amounted to €26.4m (31 December 2010: €30.0m) resulting in basic and diluted net asset values per share of €4.53 cent (31 December 2010: €5.14 cent).

Net bank borrowings

Bank borrowings, net of cash and cash equivalents, amounted to €174.6m at 30 June 2011, compared to €180.5m at 31 December 2010. This figure comprised borrowings of €185.7m (31 December 2010: €191.2m) less cash of €11.1m (31 December 2010: €10.7m). Borrowings decreased during the period principally due to the movement in the euro : sterling exchange rate.

Conclusion

Balmoral continues to benefit from an extensive, well diversified portfolio of assets and the board remains focused on filling vacancies, maximising income, reducing costs, generating cash and adding value wherever feasible with a view to placing the group in the best position possible when market conditions improve.

31 August 2011

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Consolidated interim income statement
for the period ended 30 June 2011

		6 months to 30 June 2011 (Unaudited)	6 months to 30 June 2010 (Unaudited)	12 months to 31 Dec 2010 (Audited)
Continuing operations	<i>Notes</i>	€'000	€'000	€'000
Gross rental and related income		7,628	8,411	16,499
Property outgoings		(1,810)	(1,590)	(1,835)
Net rental and related income		5,818	6,821	14,664
Net property valuation movement	5	(9,258)	(105)	(27,373)
Net property and related (expense)/income		(3,440)	6,716	(12,709)
Administrative expenses		(1,855)	(1,987)	(3,832)
Result from operating activities		(5,295)	4,729	(16,541)
Share of result of equity accounted investees		(416)	(663)	(3,084)
Finance income	3	4,929	155	697
Finance expense	3	(2,585)	(12,114)	(10,463)
Net finance income/(expense)		2,344	(11,959)	(9,766)
Result before tax		(3,367)	(7,893)	(29,391)
Income tax credit/(expense)	4	-	1,401	(889)
Result for the period		(3,367)	(6,492)	(30,280)
Attributable to:				
Equity shareholders of the company		(3,506)	(6,501)	(30,176)
Non-controlling interest		139	9	(104)
Result for the period		(3,367)	(6,492)	(30,280)
Basic and diluted result per share (euro cent)	8	(0.60)	(1.11)	(5.17)

Consolidated interim statement of comprehensive income
for the period ended 30 June 2011

	6 months to 30 June 2011 (Unaudited)	6 months to 30 June 2010 (Unaudited)	12 months to 31 Dec 2010 (Audited)
	€'000	€'000	€'000
Result for the period	(3,367)	(6,492)	(30,280)
Other comprehensive income			
Foreign currency translation on foreign operations	(38)	(30)	(33)
Total comprehensive income for the period	(3,405)	(6,522)	(30,313)
Attributable to:			
Shareholders of the company	(3,544)	(6,531)	(30,209)
Non-controlling interest	139	9	(104)
Total comprehensive income for the period	(3,405)	(6,522)	(30,313)

Consolidated interim statement of changes in equity
for the period ended 30 June 2011

30 June 2011							
(Unaudited)							
Attributable to equity holders of the parent							
	Share capital	Share premium	Retained earnings	Currency translation reserve	Total	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2011	5,833	201,085	(169,546)	(7,405)	29,967	43	30,010
Total comprehensive income for the period	-	-	(3,506)	(38)	(3,544)	139	(3,405)
Balance at 30 June 2011	5,833	201,085	(173,052)	(7,443)	26,423	182	26,605

30 June 2010							
(Unaudited)							
Attributable to equity holders of the parent							
	Share capital	Share premium	Retained earnings	Currency translation reserve	Total	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2010	5,833	201,085	(139,370)	(7,372)	60,176	147	60,323
Total comprehensive income for the period	-	-	(6,501)	(30)	(6,531)	9	(6,522)
Balance at 30 June 2010	5,833	201,085	(145,871)	(7,402)	53,645	156	53,801

31 December 2010							
(Audited)							
Attributable to equity holders of the parent							
	Share capital	Share premium	Retained earnings	Currency translation reserve	Total	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2010	5,833	201,085	(139,370)	(7,372)	60,176	147	60,323
Total comprehensive income for the year	-	-	(30,176)	(33)	(30,209)	(104)	(30,313)
Balance at 31 December 2010	5,833	201,085	(169,546)	(7,405)	29,967	43	30,010

Consolidated interim balance sheet
at 30 June 2011

		30 June 2011 (Unaudited) €'000	30 June 2010 (Unaudited) €'000	31 Dec 2010 (Audited) €'000
	<i>Notes</i>			
Assets				
Non-current assets				
Property, plant and equipment		21	52	34
Investment property	5	199,616	236,172	208,759
Investments in equity accounted investees	6	5,320	6,112	4,922
Deferred tax assets		5,794	4,492	5,843
Total non-current assets		210,751	246,828	219,558
Current assets				
Trade and other receivables		2,385	2,752	2,093
Cash and cash equivalents		11,145	11,045	10,676
Total current assets		13,530	13,797	12,769
Total assets		224,281	260,625	232,327
Equity				
Issued share capital		5,833	5,833	5,833
Share premium		201,085	201,085	201,085
Other reserves		(180,495)	(153,273)	(176,951)
Total equity attributable to:				
Equity shareholders of the company		26,423	53,645	29,967
Non-controlling interest		182	156	43
Total equity		26,605	53,801	30,010
Liabilities				
Non-current liabilities				
Deferred tax liabilities		4,828	1,289	4,905
Loans and borrowings	7	47,248	14,207	4,029
Total non-current liabilities		52,076	15,496	8,934
Current liabilities				
Trade and other payables		7,014	7,771	6,110
Employee benefits		138	66	108
Loans and borrowings	7	138,448	183,491	187,165
Total current liabilities		145,600	191,328	193,383
Total liabilities		197,676	206,824	202,317
Total liabilities and equity		224,281	260,625	232,327
Net asset value per share (euro cent):	9	4.53	9.20	5.14

Consolidated interim statement of cash flows
for the period ended 30 June 2011

	6 months to 30 June 2011 (Unaudited) €'000	6 months to 30 June 2010 (Unaudited) €'000	12 months to 31 Dec 2010 (Audited) €'000
Cash flow from operating activities			
Result before tax	(3,367)	(7,893)	(29,391)
Adjustments for:			
Net property valuation movement	9,258	105	27,373
Depreciation	13	18	35
Finance income	(93)	(155)	(433)
Finance expense	2,417	3,362	7,070
Share of result of equity accounted investees	416	663	3,084
Exchange difference on non-property assets	(4,668)	8,752	3,129
Operating result before changes in working capital	3,976	4,852	10,867
Increase/(decrease) in trade and other payables	1,116	(219)	(1,286)
(Increase)/decrease in trade and other receivables	(323)	322	981
Cash generated from operations	4,769	4,955	10,562
Interest paid	(2,426)	(3,362)	(7,121)
Income tax (paid)/received	(93)	446	203
Net cash inflow from operating activities	2,250	2,039	3,644
Cash flows from investing activities			
Acquisition of investment property	-	-	(389)
Net cash outflow on acquisition of subsidiary	-	-	(40)
Proceeds from disposal of investment property	-	6,683	6,683
Improvements to investment property	(115)	(268)	-
Interest received	93	155	433
Net cash outflow from additional investment in equity accounted investees	(852)	(935)	(2,169)
Net cash (outflow)/inflow from investing activities	(874)	5,635	4,518
Cash flows from financing activities			
Repayment of borrowings	(739)	(905)	(1,974)
Net cash outflow from financing activities	(739)	(905)	(1,974)
Net increase in cash and cash equivalents	637	6,769	6,188
Cash and cash equivalents at beginning of period	10,676	4,409	4,409
Foreign exchange (loss)/gain on cash and cash equivalents	(168)	(133)	79
Cash and cash equivalents at end of period/year	11,145	11,045	10,676

Notes to the condensed consolidated interim financial statements

1. General information and basis of preparation

General information

The condensed consolidated interim financial statements of the company for the six month period ended 30 June 2011 are unaudited. The financial statements presented herein do not constitute the statutory financial statements that are required by Section 7 of the Companies (Amendment) Act, 1986 to be annexed to the annual return of the company. The statutory financial statements for the financial year ended 31 December 2010 will be annexed to the 2011 annual return and filed with the Registrar of Companies. The audit report on those statutory financial statements was unqualified. It did, however, contain an emphasis of matter made in relation to the basis of preparation of the financial statements.

Basis of preparation

The financial information contained in the condensed consolidated interim financial statements has been prepared in accordance with the accounting policies set out in the last annual financial statements.

The following are the new standards that are effective for the financial period of the company ending on 30 June 2011 and that had no impact on the results or financial position of the group:

- IAS 24 (Amendment) - Related party disclosures.
- IAS 32 (Amendment) - Financial instruments: Presentation - classification of rights issues.
- IFRIC 19 - Extinguishing financial liabilities with equity instruments.
- IFRIC 14 (Amendment) - Prepayments of a minimum funding requirement.

The financial information is presented in euro, rounded to the nearest thousand.

The condensed consolidated interim financial statements were authorised for issue on 31 August 2011.

Notes to the condensed consolidated interim financial statements *(continued)*

2. Segment reporting

	Ireland	UK	Continental Europe	Consolidated
	€'000	€'000	€'000	€'000
For the period ended 30 June 2011				
Gross rental and related income	2,249	2,140	3,239	7,628
Operating result	(6,384)	755	2,189	(3,440)
Share of result of equity accounted investees	(289)	33	(160)	(416)
Investment property	60,610	67,531	71,475	199,616
Investment in equity accounted investees	2,048	819	2,453	5,320
For the period ended 30 June 2010				
Gross rental and related income	2,625	2,242	3,544	8,411
Operating result	(1,825)	8,498	43	6,716
Share of result on equity accounted investees	(378)	(2)	(283)	(663)
Investment property	88,110	74,592	73,470	236,172
Investment in equity accounted investees	6,356	(244)	-	6,112
For the year ended 31 December 2010				
Gross rental and related income	5,323	4,354	6,822	16,499
Operating result	(18,742)	5,729	304	(12,709)
Share of result of equity accounted investees	(5,324)	298	1,942	(3,084)
Investment property	68,850	68,469	71,440	208,759
Investment in equity accounted investees	2,048	421	2,453	4,922

Analysis of property assets

The group manages its business principally on the basis of geographical segments. Supplementary information based on the following categorisations has also been provided as this is also used by the chief operating decision makers.

Notes to the condensed consolidated interim financial statements *(continued)*

2. Segment reporting *(continued)*

Analysis of property assets (continued)

At 30 June 2011	Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000
Industrial	50,310	22,243	-	72,553
Office	3,000	14,598	52,285	69,883
Mixed use	6,000	18,519	19,190	43,709
Residential	1,300	12,171	-	13,471
Total	60,610	67,531	71,475	199,616

At 30 June 2010	Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000
Industrial	66,210	25,117	-	91,327
Office	6,900	14,904	52,890	74,694
Mixed use	12,250	21,132	20,580	53,962
Residential	2,750	13,439	-	16,189
Total	88,110	74,592	73,470	236,172

At 31 December 2010	Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000
Industrial	50,350	23,419	-	73,769
Office	6,400	12,683	52,250	71,333
Mixed use	10,100	19,626	19,190	48,916
Residential	2,000	12,741	-	14,741
Total	68,850	68,469	71,440	208,759

Notes to the condensed consolidated interim financial statements *(continued)*

3. Finance income and finance expense

	Period to 30 June 2011	Period to 30 June 2010	Year ended 31 Dec 2010
	€'000	€'000	€'000
Finance income			
Interest receivable on bank deposits	93	32	126
Interest receivable on loans to equity accounted investees	-	123	201
Foreign currency translation movement on cash and cash equivalents	-	-	264
Foreign currency translation movement on borrowings	4,760	-	-
Foreign currency translation movements on other assets/liabilities	76	-	-
Other finance income	-	-	106
Total	4,929	155	697
Finance expense			
Interest payable on borrowings	(2,417)	(3,362)	(6,995)
Foreign currency translation movement on borrowings	-	(8,619)	(3,393)
Foreign currency translation movement on cash and cash equivalents	(168)	(133)	-
Other finance expense	-	-	(75)
Total	(2,585)	(12,114)	(10,463)
Net finance income/(expense)	2,344	(11,959)	(9,766)

4. Income tax

Income tax expense for the interim period is the expected tax payable on the taxable income for the period, calculated at the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

	Period to 30 June 2011	Period to 30 June 2010	Year to 31 December 2010
	€'000	€'000	€'000
Current tax	-	(278)	(253)
Deferred tax	-	(1,123)	1,142
Total tax	-	(1,401)	889

Notes to the condensed consolidated interim financial statements (*continued*)

5. Investment property

	Period to 30 June 2011 €'000	Period to 30 June 2010 €'000	Year to 31 December 2010 €'000
Balance at the beginning of the period	208,759	237,067	237,067
Additions in the period	115	5,893	5,748
Disposal of property in the period	-	(6,683)	(6,683)
Fair value movement	(6,083)	(6,354)	(29,868)
Foreign currency movement	(3,175)	6,249	2,495
	199,616	236,172	208,759

6. Investment in equity accounted investees

The following is a summary of the group's share of the assets and liabilities of its equity accounted investees:

	Period to 30 June 2011 €'000	Period to 30 June 2010 €'000	Year to 31 December 2010 €'000
<i>Share of equity accounted investees</i>			
Share of gross assets	65,432	68,762	66,619
Share of gross liabilities	(63,846)	(66,219)	(65,568)
*Adjustment	3,734	3,569	3,871
	5,320	6,112	4,922

*The adjustment is made to reflect the net investment or obligation of the group in its equity accounted investees.

7. Loans and borrowings

	Period to 30 June 2011 €'000	Period to 30 June 2010 €'000	Year to 31 December 2010 €'000
Non-current liabilities			
Secured bank loans	46,782	13,812	3,563
Other payables	466	395	466
	47,248	14,207	4,029
Current liabilities			
Unsecured bank loans	125,171	135,003	129,757
Secured bank loans	13,277	48,488	57,408
	138,448	183,491	187,165

Principal movements in loans and borrowings are dealt with in the cash flow statement.

Notes to the condensed consolidated interim financial statements *(continued)*

Terms and debt repayment schedule

- (a) Bank loans of €125,171,000 are guaranteed by certain nominated subsidiaries and are subject to a loan to value covenant. The period end balance sheet disclosed that the relevant ratio on this facility was in excess of the stipulated 50% and, as a result, all of the loans are shown as repayable within one year. The company is engaged in discussions with the bank in question on an extension of this arrangement.

These loans, denominated in both euro and pounds sterling, are repayable in full five years from the date of drawdown. The loans outstanding at 30 June 2011 are due to mature at various dates up to 12 June 2013. Interest is payable at the relevant interbank market rate plus a margin.

- (b) A secured bank loan drawn down by a subsidiary of €11,145,000 is secured by certain investment properties in Belgium. The loan is denominated in euro, and is repayable in quarterly capital repayments with the balance due in October 2011. Interest is payable at the 3 months Euribor rate plus a margin. Agreement has been reached in principle for the extension of this facility to October 2014.

- (c) Secured bank loans drawn down by Dutch subsidiaries of €45,442,000 are secured by certain investment properties in the Netherlands and by a guarantee from the company limited to €1.5 million.

These loans, denominated in euro, are repayable in quarterly capital repayments. The remaining capital is due in January 2013. Interest is payable at the relevant interbank rate plus a margin.

- (d) A secured bank loan drawn down by a subsidiary of €3,472,000, denominated in sterling is secured by certain lands in Scotland and by a guarantee from the company. The loan is repayable in quarterly capital repayments over the next eleven years. Interest is payable at the relevant interbank market rate plus a margin.

Notes to the condensed consolidated interim financial statements (*continued*)

8. Earnings per share

Basic result per share

The calculation of basic result per share for the period ended 30 June 2011 was based on the result attributable to ordinary shareholders in the period and the weighted average number of equity shares outstanding during the period.

	Period to 30 June 2011 €'000	Period to 30 June 2010 €'000	Year to 31 December 2010 €'000
Result attributable to equity shareholders	(3,506)	(6,501)	(30,176)
	2011 <i>In thousands of shares</i>	2010 <i>In thousands of shares</i>	2010 <i>In thousands of shares</i>
Weighted average number of ordinary shares outstanding during the period	583,265	583,265	583,265
Basic result per share (euro cent)	(0.60)	(1.11)	(5.17)

Diluted result per share

The calculation of diluted result per share for the period ended 30 June 2011 was based on the result attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period ended 30 June 2011 as calculated for basic result per share above, as there were no potentially dilutive instruments in issue.

9. Net asset value per share

The calculation of net asset value per share for the period ended 30 June 2011 was based upon the total equity attributable to the shareholders of the company at 30 June 2011 and the number of ordinary shares outstanding at 30 June 2011 as follows:

	Period to 30 June 2011 €'000	Period to 30 June 2010 €'000	Year to 31 December 2010 €'000
Total equity attributable to shareholders of the company	26,423	53,645	29,967
	2011 <i>In thousands of shares</i>	2010 <i>In thousands of shares</i>	2010 <i>In thousands of shares</i>
Total number of ordinary shares outstanding at period end	583,265	583,265	583,265

Net asset value per share (euro cent)	4.53	9.20	5.14
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Notes to the condensed consolidated interim financial statements *(continued)*

10. Contingencies and guarantees

- (a) The company has provided guarantees of €5.4m in respect of the capital and interest on the bank borrowings of the joint venture companies involved in the construction and letting of property at Navan, Ireland.
- (b) The company has provided a guarantee of €1.5 million in respect of the bank borrowings of Dutch subsidiary companies relating to the financing of buildings in the Netherlands.
- (c) South East Edinburgh Development Company (“SEEDCo.”) acquired 316 acres of agricultural land south east of Edinburgh during 2007. In 2010, the group acquired the remaining 50% of this company that it did not previously own. Additional consideration may become payable to the vendor, calculated as 50% of the open market value, net of all costs, of the land when planning consents have been received.